



**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT ATTACHMENT 4.19-A  
MEDICAL ASSISTANCE PROGRAM Item 1, Page 8a  
STATE OF LOUISIANA**

**PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES  
METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE**

**c. Enhanced Outlier Payments**

Effective for dates of service on or after January 1, 2003, enhanced outlier reimbursements will be paid to qualifying hospitals for state fiscal year (SFY) 2002 – 2003.

A qualifying hospital is defined as a hospital whose losses calculated using the outlier payment methodology effective July 1, 2002 are at least twenty-five percent (25%) of the amount calculated using the outlier payment methodology in effect as of June 30, 2002.

The calculation will be based on actual submitted claims for dates of service on or after January 1, 2003 that qualify for outlier payments.

A one time lump sum payment will be issued which is equal to the product of each qualifying hospital's pro rata share of outlier losses to all qualifying hospitals' outlier losses multiplied by \$2,000,000 - the amount appropriated for payment of enhanced outlier reimbursements for SFY 2002 – 2003.

**8. Enhancement Pool For Public Hospitals**

**a. Enhancement Pool Creation**

An enhancement pool is created to increase reimbursement to public hospitals in proportion to their share of Medicaid billed charges in excess of Medicaid reimbursement as documented in the most recently filed cost reports. The pool is created subject to the payment limits of 42 CFR §447.272 (the aggregate Medicaid payments may not exceed a reasonable estimate of the amount that would be paid for the services furnished by these hospitals under Medicare payment principles).

**b. Calculation of Hospital Payment Differential**

The hospital payment differential for any year shall be the difference between the upper limit of aggregate payments to non-state public hospitals as defined in 42 CFR §447.272 and the aggregate Medicaid per diem reimbursement paid to these hospitals for the year. This amount shall be calculated based on the hospital's latest filed cost report and shall be trended forward to the mid-point of the current State fiscal year based

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TN 02-04

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on the Center for Medicare and Medicaid Services (CMS) Hospital Market Basket Index for PPS hospitals.

**c. Enhancement Pool Payments**

The entire enhancement pool amount shall be paid on a quarterly basis to qualifying public hospitals based on their pro-rata share of the total unreimbursed Medicaid charges (billed Medicaid charges less Medicaid reimbursements) for all qualifying public hospitals. Determination of unreimbursed Medicaid charges shall be based on the hospital's latest filed cost report.

**d. Definition of Qualifying Hospitals**

Qualifying hospitals are defined as any hospital owned by a parish, city or other local government agency or instrumentality. This definition includes hospitals owned jointly by two or more government entities, but does not include hospitals owned jointly by government and private organizations. A qualifying hospital:

i) is not recognized as a small rural hospital as defined in D.3.b.;

AND

ii) has the largest volume of Medicaid inpatient days of all non-state public hospitals per the hospital's latest filed cost report.

**e. Determination of the Upper Payment Limit**

For the purpose of the Enhancement Pool payments, the upper limit of aggregate payments to hospitals pursuant to 42 CFR §447.272 shall be determined using the hospital's latest filed cost report and claims data corresponding with the period to determine the reasonable costs in accordance with Medicare principles of reimbursement.

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